BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1,2,3], JUNE 2022

In June 2022, **the total business climate indicator[4]** increases by 1.4 percentage points compared to the previous month (Annex, Figure 1) as an improvement of the indicator is observed in industry, construction and retail trade.

Industry. The composite indicator ‘business climate in industry’ increases by 1.7 percentage points (Annex, Figure 2). The industrial entrepreneurs’ assessments about the present business situation of the enterprises are optimistic, as their expectations over the next 6 months are favourable. At the same time, their forecasts about the production activity over the next 3 months are improved (Annex, Figure 3).

The most serious problems for the business development in the sector continue to be the uncertain economic environment and the storage of labour pointed out respectively by 61.6% and 30.2% of the enterprises (Annex, Figure 4).

As regards the selling prices in the industry, 29.7% of the managers foresee them to increase over the next 3 months.

Construction. In June, the composite indicator ‘business climate in construction’ increases by 2.1 percentage points (Annex, Figure 5), which is due to the positive construction entrepreneurs’ assessments about the present business situation of the enterprises (Annex, Figure 6). Their opinions about the construction activity over the last 3 months, as well as their expectations over the next 3 months, are also improved (Annex, Figure 7). However, in the last month, an increase in the number of the clients with delay in payments is reported.

The main obstacles for the activity of the enterprises remain the uncertain economic environment, costs of materials and shortage of labour (Annex, Figure 8).

According to the last inquiry, the managers’ share who continue to expect the selling prices in the sector to increase over the next 3 months is 52.2%.

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[1] Since July 2010, the NSI has started publishing the business surveys data according to the new Classification of Economic Activities (NACE.BG 2008) (NACE Rev. 2). All of the time series have been recalculated according to the Classification and are comparable throughout time.

[2] Since May 2002, all business surveys have been co-financed by the NSI and the European Commission according to the agreement signed between these two institutions. NSI has undertaken to conduct the surveys according to the Harmonized EU Programme. Any notice or publication of NSI reflects the author’s view, and the Commission is not liable for any use that may be made of the information contained therein.

[3] The replies to questions from the inquiries are presented in a three-option ordinal scale of the following type: ‘up’, ‘unchanged’, ‘down’ or ‘above normal’, ‘normal’, ‘below normal’. The balances of assessments are calculated as a difference of the relative shares of extreme variants of answers. **The Business climate indicator** is a geometric mean of balances of assessments of the present business situation and the expected business situation of enterprises in the next 6 months.

[4] The total Business Climate Indicator is a weighted average of four branch business climate indicators in: industry, construction, retail trade and service sector. The last indicator of the business climate in service sector has been included in the total time series since May 2002.

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Retail trade. The composite indicator 'business climate in retail trade' increases by 1.0 percentage point (Annex, Figure 9) as a result of the improved retailers' assessments about the present business situation of the enterprises. Their forecasts about the volume of sales (Annex, Figure 10) and the orders placed with suppliers over the next 3 months are also optimistic.

The uncertain economic environment, competition in the branch and insufficient demand continue to limit with the most extent the business development, as in June strengthening of their negative influence is reported (Annex, Figure 11).

Concerning the selling prices, 46.4% of the retailers forecast them to increase over the next 3 months.

Service sector[1]. In June, the composite indicator 'business climate in service sector' preserves its level from the previous month (Annex, Figure 12). The managers' assessments about the present demand of services are favourable, while their expectations over the next 3 months are reserved (Annex, Figure 13).

The main problem for the activity of the enterprises remains the uncertain economic environment. In second and third place are the factors 'competition in the branch' and 'shortage of labour' (Annex, Figure 14).

As regards the selling prices in the sector, 22.2% of the managers foresee them to increase over the next 3 months.

[1] Excl. trade.

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Annex

Figure 1. Business climate - total

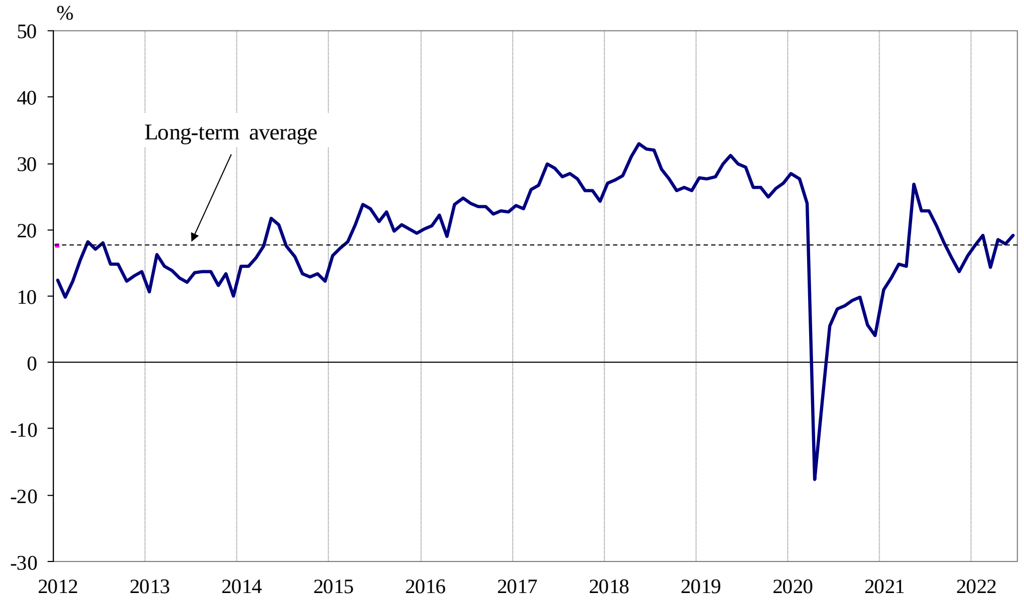

Figure 2. Business climate in industry

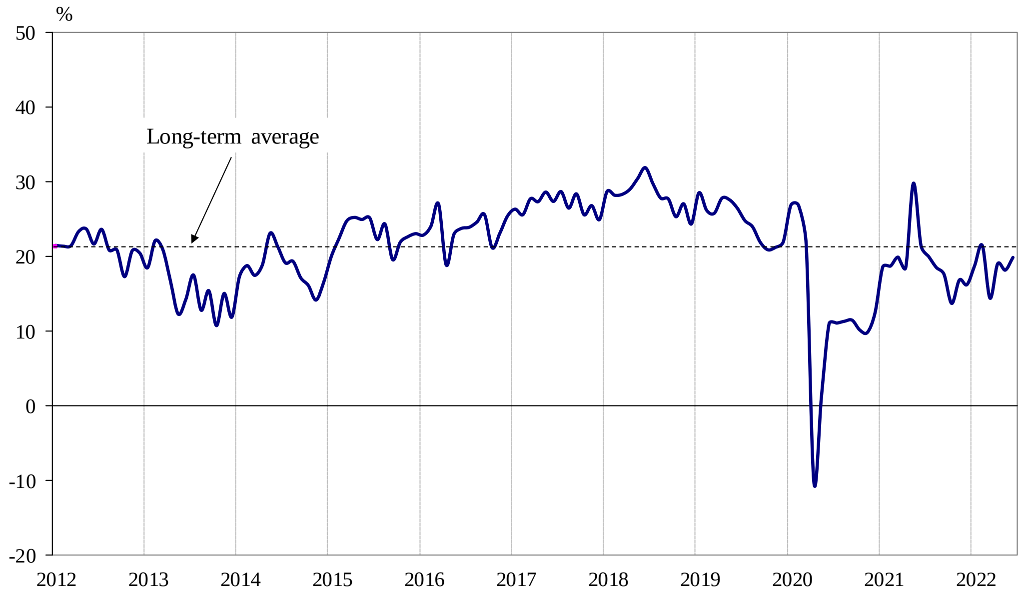

Figure 3. Expected production activity in industry over the next 3 months

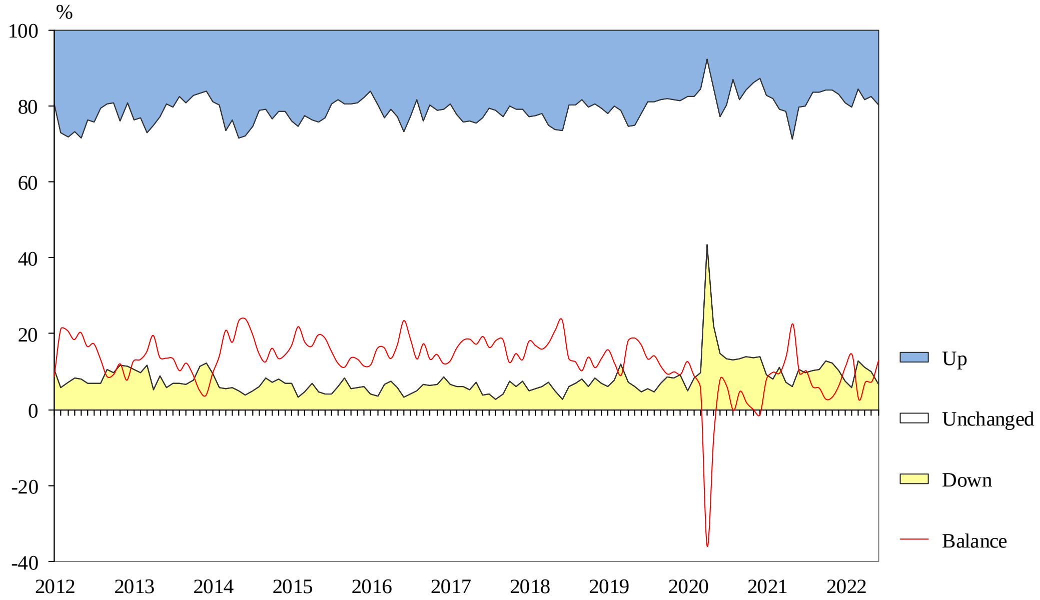

Figure 4. Limits to production in industry (Relative share of enterprises)

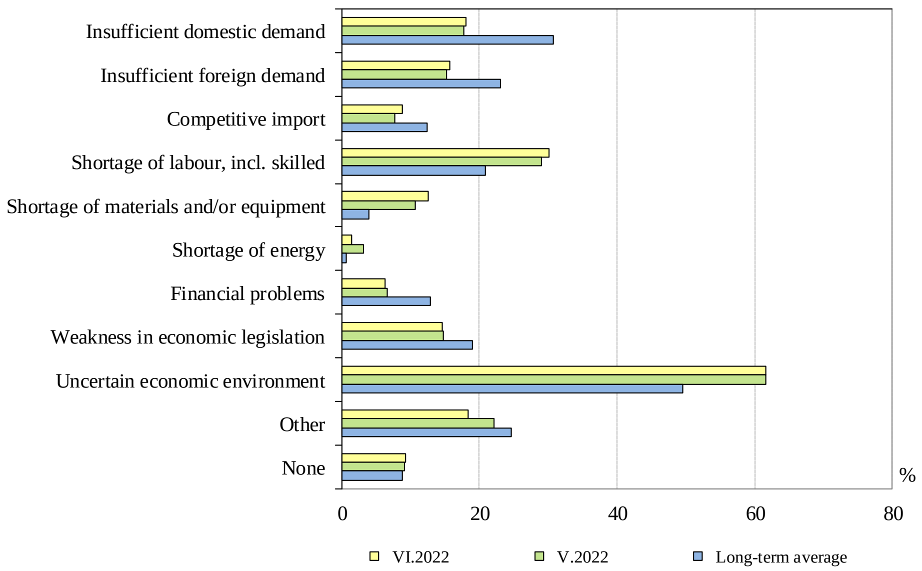

Figure 5. Business climate in construction

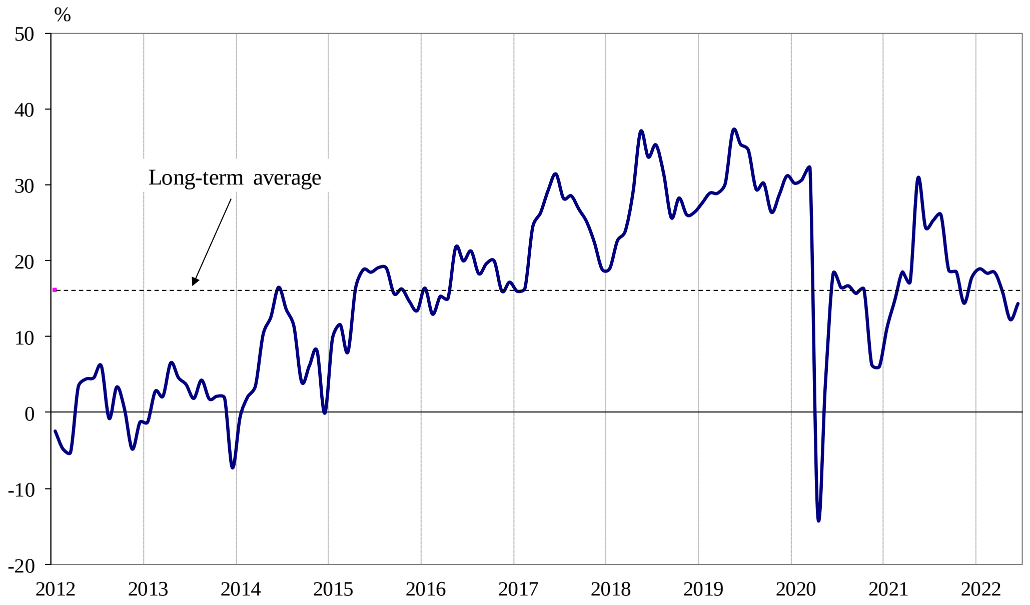

Figure 6. Present business situation in construction

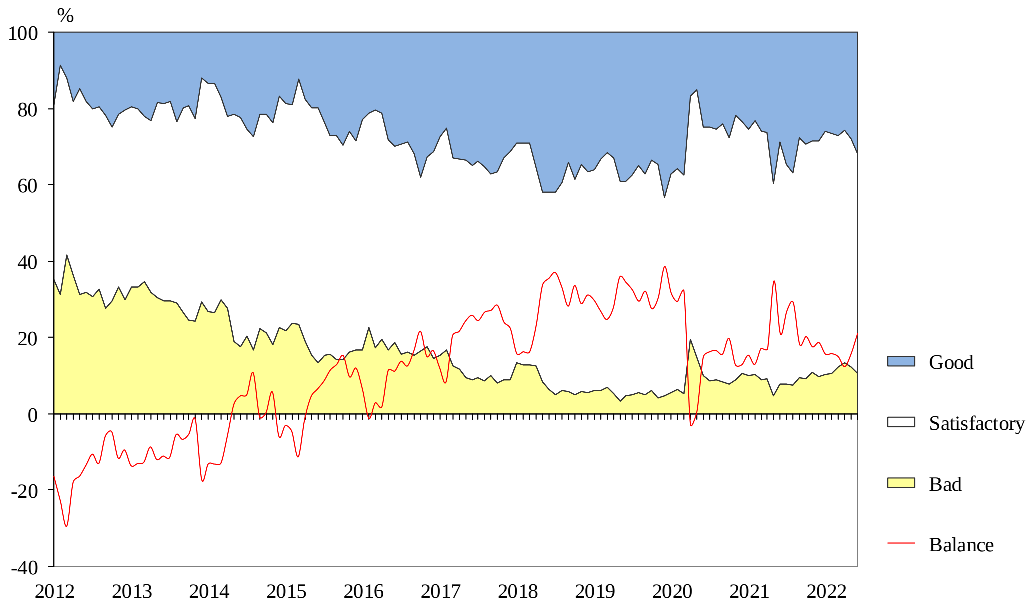

Figure 7. Expected construction activity over the next 3 months

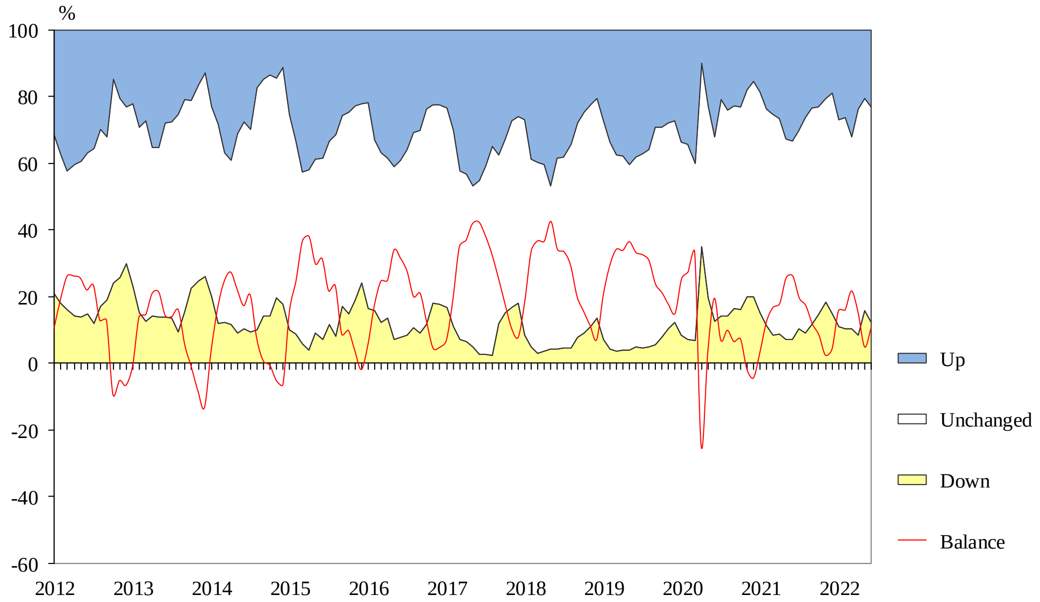

Figure 8. Limits to construction activity (Relative share of enterprises)

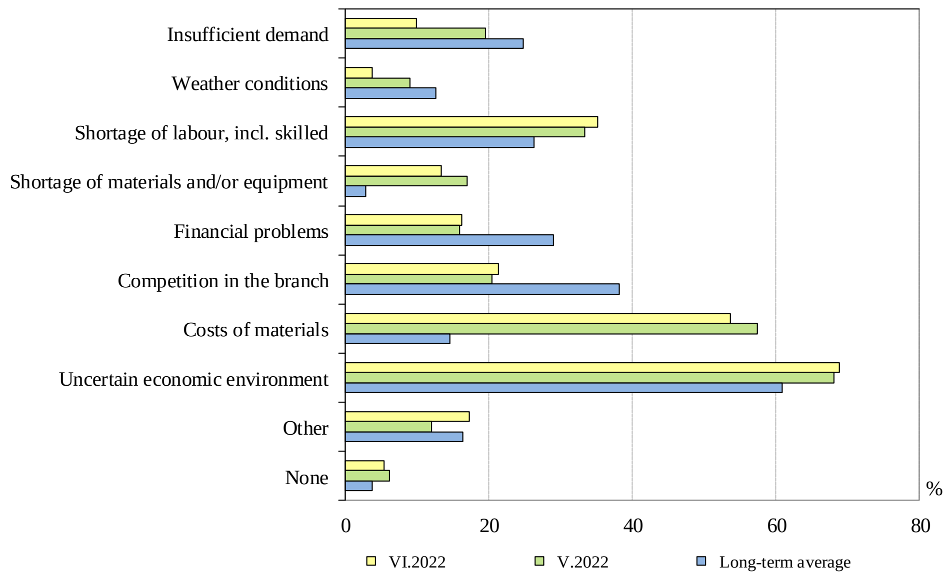

Figure 9. Business climate in retail trade

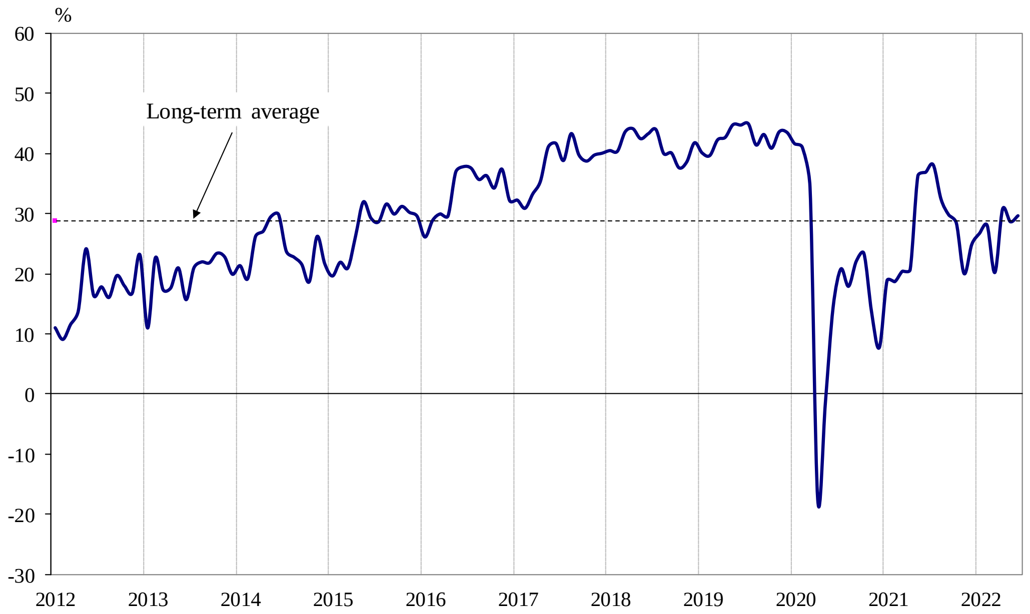

Figure 10. Sales expectations in retail trade over the next 3 months

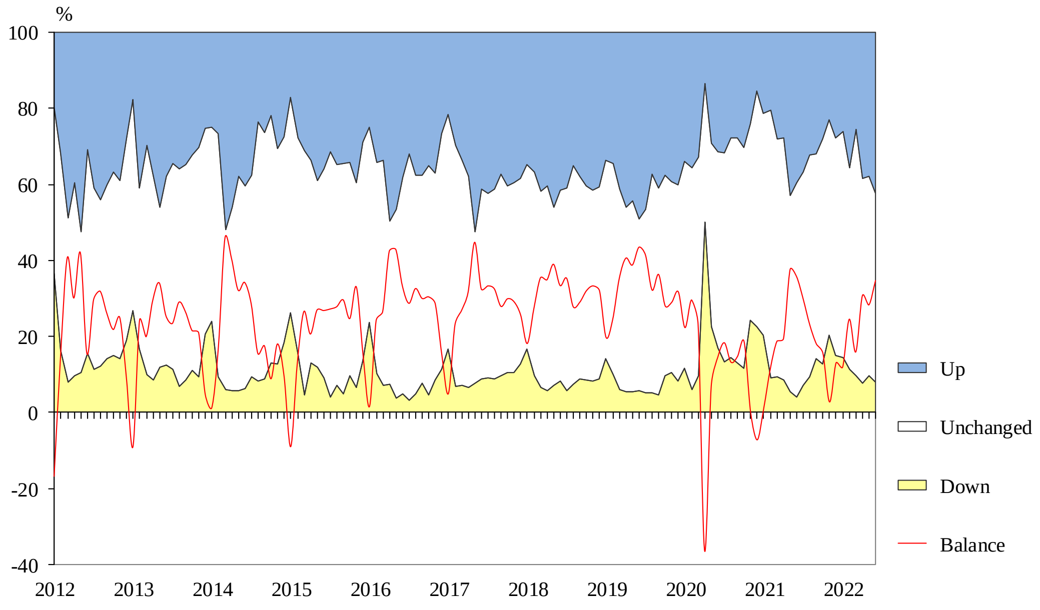

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Figure 11. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

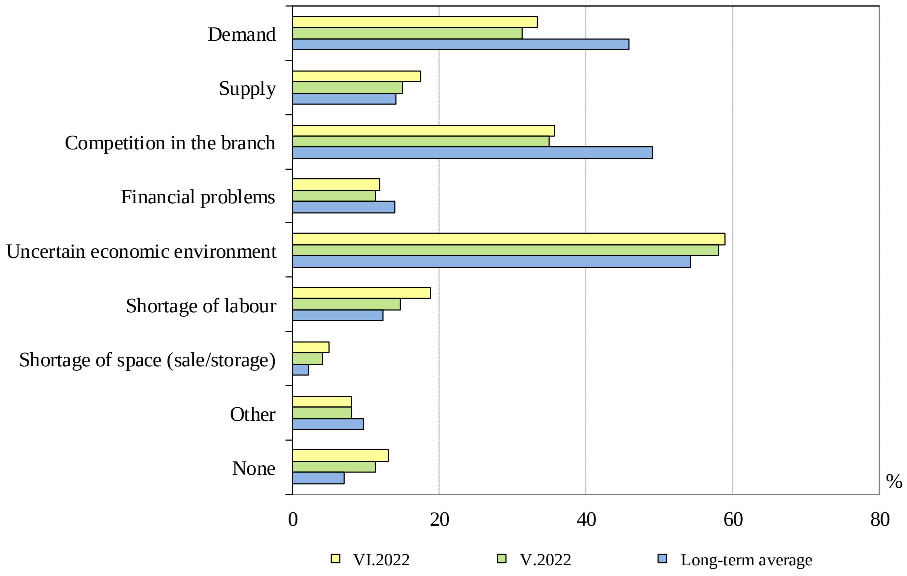

Figure 12. Business climate in service sector

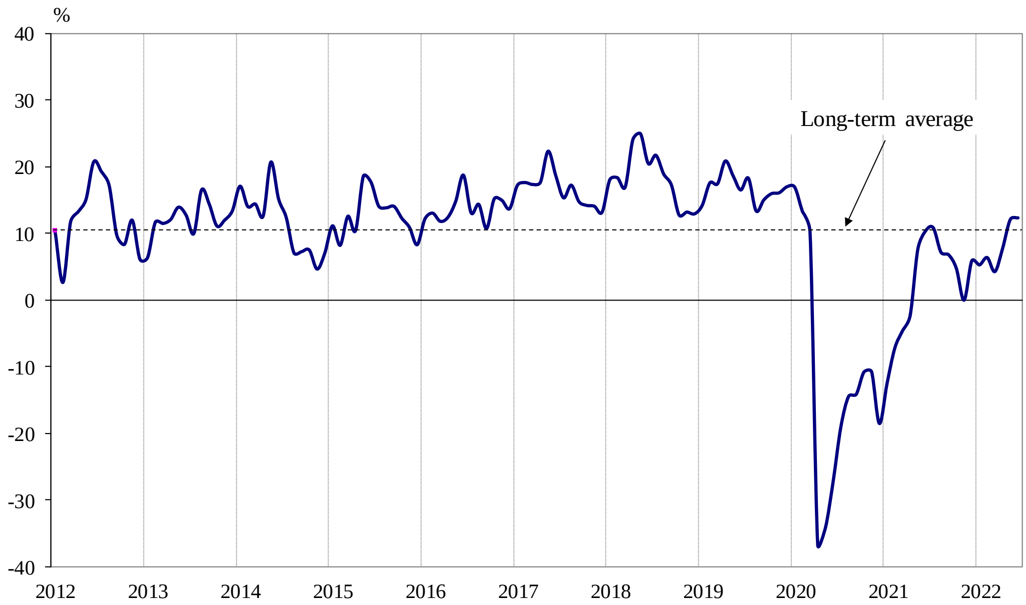

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Figure 13. Expected demand in service sector over the next 3 months

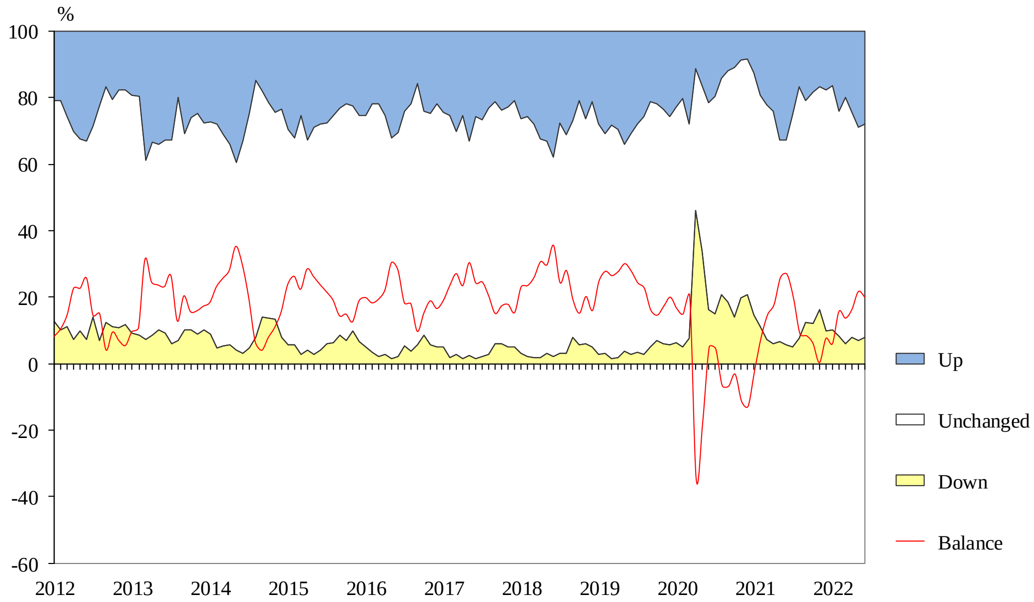
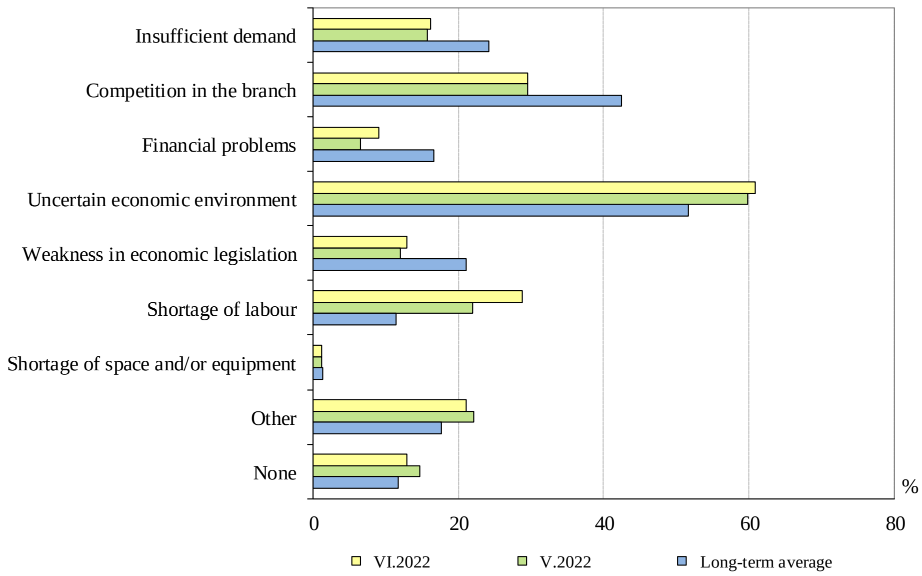


Figure 14. Factors limiting the activity in service sector (Relative share of enterprises)



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